

courant.com/business/hc-mohegan-sun-layoffs-20120928,0,3949531.story

# Courant.com

## After 2<sup>nd</sup> Wave Of Layoffs in 2 Years, Mohegans Look Beyond Gaming For Future Growth In State

### 'We're Going To Have To Seek The Appropriate Size For The Gaming Floor'

 Get [Business Mobile Text Alerts](#)

By KENNETH R. GOSSELIN, [kgosselin@courant.com](mailto:kgosselin@courant.com)

The Hartford Courant

4:35 PM EDT, September 30, 2012

In the gaming industry, it's always about the next big thing.

advertisement

But this week's layoffs at the Mohegan Sun casino — the second wave in two years — are about something else: the permanent downsizing of gambling operations in Connecticut, as major casinos face intensifying competition in neighboring states.

Mitchell G. Etess, chief executive of the Mohegan Tribal Gaming Authority, said Friday that the tribe's future growth in Connecticut is likely to come from other attractions such as dining, shopping, lodging and entertainment.

"Casinos are never going to be small places, but we're going to have to seek the appropriate size for the gaming floor,"

Etess said. "We have to make these difficult decisions to right-size the company in the current reality of the marketplace."

Etess said Mohegan Sun still has a "very solid" operation in Connecticut and is now talking with developers about bringing back plans to build a new hotel tower, which it scrapped in 2008. Etess said the casino needs more hotel rooms and routinely has an occupancy rate of 95 percent or higher. He declined to say how many rooms the casino might add.

Mohegan Sun's nearby rival, Foxwoods, is pursuing a dramatic retail expansion, hoping to attract visitors who aren't necessarily interested in gambling.

In the 1990s, Mohegan Sun and Foxwoods were viewed as twin engines of employment growth in southeastern Connecticut, especially with the shrinking of the defense industry. But the recession brought sharp declines in slot revenues even as new competitors, particularly in New York and Atlantic City, emerged.

Also, Massachusetts voted last year to allow gambling, and Rhode Island is talking about an expansion of gambling.

Thursday, Mohegan Sun confirmed that it would lay off more than 300 people — 282 immediately and the rest by the end of October. Etes said most of the positions were full time. Some of the employees were managers. The job cuts aren't hitting workers who deal directly with patrons on the gambling floor, Etes said.

Etes declined to comment on the circumstances surrounding replacement of Mohegan Sun CEO Jeffrey Hartmann, also disclosed Thursday. Hartmann was named CEO in 2011 and has been a senior executive since 1996. Hartmann is being replaced by Bobby Soper, CEO of Mohegan Sun's race track casino in Wilkes-Barre, Pa.

No further job cuts are planned at Mohegan, Etes said, "but we didn't think we would be doing this two years ago." In 2010, Mohegan Sun cut 5 percent of its Connecticut workforce, or 475, the first layoffs in the casino's 15-year history. Most of those were food-and-beverage workers, and it was expected that about 120 would find other jobs with the casino. Those cuts came amid declining slot revenue in a slowing economy.

Joe Weinert, vice president of Spectrum Gaming Group, a New Jersey-based gaming research firm, said casinos across the country are adjusting to slackened demand for gambling space.

"You're seeing a lot of facilities with fewer slots and game tables than they used to have," Weinert said.

Weinert said some markets will never see the volume of gambling business they once did — and that will likely include southeastern Connecticut.

"There is no doubt that southeastern Connecticut will lose further business to Massachusetts," Weinert said. "That's a no-brainer. Any operator impacted by Massachusetts has to plan accordingly."

The challenge, Weinert said, will be to add attractions that will lure visitors beyond venues that are closest to their homes.

Meanwhile, Mohegan Sun is trying to carve out a presence in Massachusetts as part of plans to become a regional organization. They have proposed a \$600 million casino in Palmer, Mass. In New Jersey, Mohegan recently announced it will manage Atlantic City's Resorts Casino Hotel.

Mohegan Sun still remains a major employer in the state, with a workforce of 6,400.

Economic development officials in southeastern Connecticut said Friday that they were concerned about the job losses. But they expressed confidence that Mohegan Sun would successfully transform itself beyond its gaming roots.

"Obviously the loss of any job — one or 300 — is painful for the people who lose their job," Tony Sheridan, president of the Chamber of Commerce of Eastern Connecticut, said. "You have adjustments like this. When the economy comes back, they will grow again."

Copyright © 2012, [The Hartford Courant](#)